GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:886
ANSWERED ON:06.12.2004
MINIMUM SUPPORT PRICE OF GRAM
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Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government is aware that the Minimum Support Price (MSP) for Red Gram which matures in a longer time is lower than Black Gram;

(b) if so, whether the delay in announcing the MSP much ahead of the sowing season limits the options of the farmer to decide the type of crop to be cultivated for remunerative returns;

(c) if so, whether the Government proposes to take steps to ensure the early fixation of MSP on scientific basis; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE SHRI KANTI LAL BHURIA)

(a) & (b): The Minimum Support Price (MSP) of Red Gram (Arhar) for 2004-05 is Rs. 1390 per quintal whereas the MSP for Black Gram (Urad) is Rs.1410 per quintal. The price difference in MSPs between Red Gram and Black Gram may be seen in the context of the difference in cost of cultivation/production which is one of the important factors considered by the Commission for Agricultural Costs & Prices (CACP) in recommending the MSPs. The projected all-India weighted average cost of production of Red Gram (Arhar) for 2004-05 is lower than the corresponding cost in respect of Black Gram. It is also important to note that Red Gram is essentially a Kharif crop whereas Black Gram is grown during both Kharif and Rabi seasons.

(c) & (d): As the purpose of MSPs is to give price signal to farmers with regard to choice of crops, every effort is made to expedite announcement of MSPs. The Government decides on the MSPs for various agricultural commodities taking into account the recommendations of CACP, the views of State Governments and concerned Central Ministries as well as such other relevant factors, which in the opinion of the Government, are important for fixation of MSPs. While recommending MSPs, the CACP keeps in view

(i) the need to provide incentive to the producer for adopting improved technology and for developing a production pattern broadly in the light of national requirements;

(ii) the need to ensure rational utilization of land, water and other production resources;

(iii) the likely effect of the price policy on the rest of the economy, particularly on the cost of living, level of wages, industrial cost structure, etc. and

(iv) terms of trade between agricultural sector and non-agricultural sector.